Chapter 1

THE NEW ACCOUNTABILITY

Joseph C. Burke

Introduction

The term "paradigm shift" has become a cliché. But the change from the old to the new accountability in state government and in higher education warrants its use. It altered the notion of accountability from accounting for expenditures to accounting for results and shifted the motive from risk avoidance to entrepreneurial efforts. The transition gained momentum from the movements in the early 1990s to reinvent government and reengineer business. Osborne and Gaebler (1994), in *Reinventing Government,* advocated "A New Accountability System" that focused on the performance results rather than on budgetary regulations (p. 136). Hammer and Champy (1993), in *Reengineering the Corporation,* popularized management theories and techniques that stressed product quality and customer service. As with most seminal books that inspire movements, they voiced an emerging consensus rather than broke theoretical ground.

These management movements preached a novel gospel for business and a new heresy for government and higher education. Their creed proclaimed that organizations not only could — but also must — improve quality while cutting costs and increasing productivity. They championed managing for organizational results rather than controlling by bureaucratic rules, and advocated customer- rather than provider-driven enterprises. By concentrating on performance rather than on compliance, managers could combine the goals of accountability and improvement. Organizations could improve performance while decentralizing authority, by being tight on setting goals and assessing results but loose on the means of achieving them.

Osborne and Gaebler (1994) insisted that high-performing organizations required both direction and decentralization.

> …Organizations that decentralize authority also find that they have to articulate their mission, create internal cultures around their core values, and measure results. Accountability for inputs gives way to accountability for outcomes, and authoritarian cultures give way to the kind of "loose-tight" cultures described by Peters and Waterman in *In Search of Excellence*, in which shared values and missions take the place of rules and regulations as the glue that keeps employees moving in the same direction (p. 254).

These theories suited the times. Success in the new information era demanded autonomy to encourage the creativity and ingenuity of knowledge workers, but it also required commitment to organizational objectives and results. Managing, measuring, and rewarding results became the new trinity. Like all creeds, it proved easier to proclaim than to practice. Like all crusades, it inspired both fervent champions and fevered critics.

Although academics developed many of these management theories, the academic community considered them all right for business and maybe for government, but anathema for academe (Birnbaum 2000). Outsiders could have predicted that the accent on efficiency would arouse campus opposition, but few would have guessed that the focus on quality would prove a greater obstacle. Colleges had declared "Quality Job One" centuries before Ford. Unfortunately, the academic community never determined nor defined — with any precision — the objectives of undergraduate education nor developed systematic methods for assessing campus achievements. By default, the perception of institutional quality reflected what Astin (1985) labeled the Resource and Reputation Model of institutional excellence, which depended on the quantity of campus resources, the quality of admitted students, and the reputation of faculty research. This Model — based entirely on the resource inputs of funding, students, and faculty — said nothing about the quality or the quantity of the services provided to students, states, and society by colleges and universities. Despite its vaunted devotion to quality, the academic community stuck with this quantitative definition of excellence and shied away from identifying and evaluating the qualitative results of higher education. Academics claimed that those results were too complex, diverse, and subjective to be quantified, but then accepted a quantitative model of excellence, because of their reluctance to specify the qualitative outcomes of higher education.

This reluctance to specify quality goals aroused criticism from a few faculty members but increasing complaints from state legislators. A psychology professor at Harvard complained of the academy's failure to identify results while "sniping from the sidelines" when outsiders tried to define them (Lively 1992). The Chair of an education committee in the Texas Legislature spoke of the difficulty of achieving accountability without an accepted definition of quality:

> I have started referring to this as the great national grope for excellence. We're just groping in the dark. I don't know of any other effort that has used this amount of money and human resources where there isn't a clearly defined objective…. I hope the education community…will begin to develop some criteria by which they can be comfortable to be measured accountable" (Lively 1992).

The gap between legislative hope and campus comfort failed to close. Academics welcomed the decentralization of the new accountability but resisted the direction toward clear goals for performance. The new accountability seemed a concept only half fulfilled. It had acceptance on the means of decentralization without consensus on the ends of the enterprise. The consequence now seems inevitable. Since academics failed to act, the state stepped in, leaving academics "sniping from the sidelines."

Assessing Performance

The problem with identifying and assessing results had surfaced with state policies on outcomes assessment in the mid to late 1980s. The cries for reform of public schools, launched by *A Nation At Risk* (1983) soon echoed in calls for changes on public campuses. Criticism of American higher education and student learning came from all quarters of the political spectrum. Bloom (1987), Cheney (1988), and Bennett (1986) issued jeremiads from the right, and groups of leading educators published more liberal prescriptions in *Involvement in Learning* (Study Group 1984) and *Integrity in the College Curriculum* (Association of American Colleges 1985). Although infused with different ideologies and solutions, all of the books criticized the current state of undergraduate education for its lack of a coherent curriculum, level of student learning, and neglect of quality teaching. All of the authors called for the academic community to clarify the goals of undergraduate higher education, although the former focused on prescribing learning outcomes, while the latter favored improving the learning processes. Astin (1985) attacked the traditional resource and reputation model of institutional excellence and sought to replace it with a value added model that stressed student cognitive and affective development from admission to graduation. Writing as early as 1983, Ewell noticed the changed attitude toward higher education and the new demands for outcomes assessment in colleges and universities.

> Until recently, the higher education community saw little point but no small threat in explicit assessment of student outcomes. The positive impact of college upon the student remained an almost righteously unexamined premise — the "great self-evident" of higher education…. Now, of course, things are different. As institutional resources tighten, colleges and university administrators at all levels are growing more concerned about identifying and improving the impact of their programs on students… The same set of forces has produced a demand for greater accountability on the part of those controlling the use of resources in higher education. More and more, institutions are being asked explicitly — somewhat skeptically — to show that they make a difference (pp. 1-2).

Assessment of undergraduate learning appeared to offer an antidote for perceived ills of higher education. It asked colleges and universities to identify the knowledge and skills that their graduates should possess, to design indicators that reflected those objectives, to evaluate the extent of their achievement, and to use the results to improve institutional performance. Assessment proposed to track the basic skills and general knowledge of students from entry to graduation, and the specialized knowledge acquired during the college years in their academic majors. It appeared the answer that could close the gap between legislative hope and campus comfort.

The Assessment movement swept the country in the late 1980s. Governors, legislators, and coordinating boards liked it so much they mandated assessment policies in two-thirds of the states (Boyer 1987). They even wanted it enough to let campuses decide how to do it. Assessment swiftly acquired the accoutrements of academic success, with its own publication, *Assessment Update*, and an annual Assessment Conference of the American Association of Higher Education that attracted nearly 2,000 faculty, administrators, and educational experts. Every one of the six regional accrediting agencies made assessing student outcomes a requirement for accreditation (Nettles et al. 1997). These agencies sought to shift the stress of accreditation from the inputs of admission scores, library holdings, faculty credentials, and the process of academic governance to the outcomes of student learning. Scholarly journals published articles on what assessment was and how to do it. By 1995, a *Campus Trends* survey reported that fully 94 percent of colleges and universities had some type of assessment activity (El-Khawas 1995).

Although assessment spread widely to colleges and universities, its impact rarely ran deep. Many professors thought the task impossible and others believed it unnecessary. Only a distinct minority approached it as a difficult but fundamental duty. Although all of the state programs proclaimed the dual goals of external accountability and institutional improvement, most campuses focused on institutional improvement and resisted the demands for credible evidence of external accountability for improved results (Burke 1999).

The goals of outcomes assessment sounded simple, but designing and developing a program that required faculty collaboration proved exceedingly difficult. A Policy Statement from the State Higher Education Executive Officers (SHEEO) in 1987 acknowledged the need for some statewide aims for assessment but encouraged campuses to develop programs particular to their institutions (Roaden 1987). Lenth (1993) put his finger squarely on the problem when he wrote of the ”dynamic tension within assessment between the internal and external, between improvement and accountability, between formative and summative uses, and between those doing it and those who need to know it” (p. 157).

Although eight in 10 campuses had assessment activities underway in 1991, nearly half of the public four-year campuses said that only 10 percent or less of the faculty participated in these activities (El-Khawas 1995). By 1997, a survey of public baccalaureate campuses in California, Florida, Massachusetts, New York, Texas, and Wisconsin found that only 22 percent of the respondents described their assessment activity as extensive (Burke 1998). Sixty-three percent called it limited, and six percent said they had no activities. The rest skipped the question. Whatever the actual percent of implementation, a gap clearly existed between its national popularity and its limited impact on campuses.

Although nearly all campuses claimed to be doing something called assessment, it remained a marginal activity to most professors. A few campuses — usually small and focused on the liberal arts, such as Alverno, Kings College, and Northeast Missouri State (later Truman State) — made assessment the centerpiece of their curriculum. But on most campuses — especially the larger universities — the majority of the faculty considered assessment as an added activity at best, and a bureaucratic burden at worst. All too often, it seemed a routine ritual that diverted too much of their time and expended too much money. Its focus on students rather than on faculty smacked of students as consumers. It ran counter to the ingrain notion of quality as resources and reputations, especially since the faculty could seldom agree on the outcomes of undergraduate education (Burke 1999).

Unfortunately, assessment — like many reforms — remained a cottage industry on campus. Exciting practices flourished in a hundred places, while the institutions plodded their traditional paths. Decentralization and autonomy smiles on individual innovations but stifles systemic reforms. Assessment, like most innovations on campus, had ardent advocates but little institutional acceptance.

The assessment movement failed to meet the needs of the new accountability. Although all of the mandated state programs had the dual goals of external accountability and institutional improvement, the campus programs tended to emphasize improvement and slight accountability. Governors and legislators found the inability to compare institutional results a shortcoming of the assessment reports. The mandates had provided more decentralization but little direction. Campuses had seized the offer of autonomy, while slighting the responsibility of accountability. All too often, assessment activities did not identify the desired results of undergraduate education, develop an acceptable means of evaluating institutional performance, or demonstrate that public campuses were meeting student needs.

The Financial Crisis of Higher Education

The national recession in the early 1990s brought a new urgency to state demands for campus accountability. After several decades of consistent increases, higher education between FY 1992 and 1993 suffered a historic decline in state support (Hines 1993). For the first time in the history of collecting the data, state appropriations for higher education nationally fell below the previous year. Annual budget cuts for higher education became common, as did mid-year recessions in adopted budgets when state revenues fell below projections. Gold (1995) details the problems of revenues and budgeting in the first half of the 1990s. If the period represented a fiscal crisis for most states, it constituted calamity for most public colleges and universities. Gold calls higher education — the only large discretionary item in state budgets — the "real loser" in the budget battles against healthcare, welfare, corrections, and public schools. Not only did state revenues fall and their budgets decline, but higher education received a diminished share of these limited funds.

Public higher education — once considered untouchable — became an easy target for both budget cutters and external critics in the first half of the 1990s. Criticism of public higher education rises during recessions and recedes with recovery. Commentators predicted that the cuts and criticisms could produce dramatic changes on campuses. "The 1990s promise to be a time of wrenching transition for American colleges and universities," reported the *Christian Science Monitor* in 1992. "…With budgets declining and criticism rising, many universities…find they may have to make sweeping changes to stay in business" (Boot 1992). Former Governor Thomas Keane, president of Drew University, lamented the "lost image" of higher education and declared: "People are questioning our mission…. They claim we cost too much, spend carelessly, teach poorly, plan myopically and … act defensively" (DePalma 1992).

External critics, mostly from government and business, complained about the quality and quantity of faculty teaching and student learning, the preoccupation with graduate studies and research and neglect of undergraduate education, the encouragement of mission creep and program sprawl, and the bourgeoning of administrative positions and support staffs. Much of the criticism centered on the questionable results of undergraduate education — of admitting too many unqualified students, of graduating too few of those admitted, of permitting them to take too long to degrees, and of allowing too many to graduate without the knowledge and skills required for successful careers in a knowledge and information society (Lively 1992). The complaints continued about the quality and performance of undergraduate education that emerged in the 1980s, but charges of falling productivity and efficiency and rising costs and tuitions became added indictments.

Even the friends of higher education joined the fray. A Wingspread Conference of national leaders in higher education in 1993 issued a withering report. It charged higher education with failing to meet societal needs, despite the series of demographic, economic, and technical changes that increased its importance for most Americans. Instead of responding to these changes, the higher education system weeded out students and trivialized undergraduate education. These reactions aroused a public concern that signaled nothing less than a crisis in higher education. The Report insisted that colleges and universities must educate more people and educate them better. It called for a rigorous undergraduate education that focused more on what students learn and put students at the heart of the educational enterprise. In addition, higher education had to help create a nation of learners by being engaged more thoroughly in education from kindergarten through high school.

The combination of rising criticism and curtailed funding led to renewed demands for accountability from colleges and universities. An article in the *Chronicle of Higher Education* declared:

> Accountability is again a hot topic as state budgets shrink and taxpayers complain about rising costs — particularly in tuition — and what they see as decreases in educational quality…. Under the loose rubric of "accountability," states are enacting new laws and policies that require colleges to demonstrate efficiency, quality, and sound stewardship of public money (Lively 1992).

Aims McGuinness, then with the Education Commission of the States, discerned a difference from earlier accountability initiatives. "What may be new in the world of accountability," he said, "are efforts to assess what results can be shown for all the time and money used to measure how well colleges are performing their jobs" (Lively 1992). Public higher education had become too important and too costly to states to be left to its own devices.

Performance Reporting

The lukewarm response to assessment policies, inability to compare campus results, reduced state revenues, and rising costs led state after state to mandate by legislation performance reporting. The head of the University of Maryland System commented on the changing times:

> Strong winds are blowing through the groves of academe. Many of our nation's universities are under financial stress. All face a flood of rising expectations from a public that, at the same time, views them with growing skepticism and mistrust (Langenberg 1992).

Performance reporting became the favored response in state capitols. The Foreword of a SHEEO study of performance reporting in 1998 stated:

> State-level accountability and the use of performance measures have been touchstones of the 1990s. In state after state, legislators have directed all government entities, including public higher education, to state their goals and activities more explicitly and report results as a form of accountability. Many state higher education agencies have adopted performance measures in response to these accountability demands" (Christal 1998, p. vii).

Before the 1990s, only Tennessee (1984), South Carolina (1988), and Oklahoma (1988) had accountability reports mandated through legislation. By 1996, that number leaped to 23 states, spreading from three southern states to every region in the nation (Christal 1998). The reports sought to make public colleges and universities more responsive to lawmakers, students, parents, employers, and the general public. The new mandates stemmed from the "rising cost for attending college, increasing demands for access, and decreased state resources for higher education" (Christal 1998, p. 1). In response, the reports sought to increase the quality, productivity, and efficiency of public colleges and universities.

The mandates for reporting brought a change from those for assessment. Assessment mandates represented decentralization with little direction, while performance reporting added direction as a price of decentralization. In contrast to the assessment mandates, performance reporting generally required comparability among campuses, although the reports themselves often urged comparisons only among the same types of institutions. Many of the state programs granted increased fiscal autonomy to campuses for accountability for performance results (Blumenstyk 1991). The state legislatures or the state higher education agencies usually insisted on a common list of statewide indicators for all public colleges and universities (Ruppert 1998).

Like assessment, the reports dealt mostly with undergraduate education. In addition to the issues of assessing the quality and quantity of student learning, the new mandates added efficiency concerns about rising costs, swelling bureaucracies, and low graduation rates. They also extended the goals of institutional improvement and external accountability to include meeting state needs, especially in economic and workforce development (Ruppert 1994). The SHEFO Study lists the most common performance indicators along with the number of states that used them (Christal 1998, 5).

Table 1. The Most Common Indicators Used by States

Indicators	*State*
Graduation Rates	32
Transfer Rates	25
Faculty Workload/Productivity	24
Follow-up Satisfaction Studies	23
External/Sponsored Research Funds	23
Remediation Activities/Effectiveness	21
Pass Rates on Licensure Exams	21
Degrees Awarded	20
Placement Data on Graduates	19
Total Student Credit Hours	18
Admission Standards and Measures	18
Number and Percent of Accredited Programs	13

A study of performance reporting in ten states for the Educational Commission of the States (ECS) lists mostly the same indicators. It adds time-to-degree, which had become a growing efficiency issue in the early 1990s and notes that the indicators on enrollment, retention, and graduation usually specified race, ethnicity, and gender, which were still state priorities in the early 1990s. Unlike the indicators for assessment that often dealt with process, those used in performance reporting accented results. Only one of the 11 indicators listed above — admission standards — measured inputs rather than results. Whereas assessment had stressed the goal of institutional improvement and slighted accountability, performance reporting focused on the latter without neglecting the former.

The performance reports broadened the notion of customers of higher education. Typically state government, particularly the legislature, had been considered the principal consumer of performance information about public colleges and universities. The performance reports of the 1990s expanded the clients to include students and their parents, as well as businesses, schools, the media, and the general public (Ruppert 1998). Their use as consumer reports followed the customer-centered and market-driven focus that reinventing government and reengineering business saw as the true test of quality for all organizations.

Policy makers copied the concept and the format of the performance reports for public campuses from the report cards for public schools, started in the mid-1980s. The absence of standardized test scores from most of the higher education reports represented the main difference from the school report cards. Usually published annually or biannually, the accountability reports circulated widely to state officials, campus leaders, and often to the public media. The contents clearly responded to concerns about the results produced by public colleges and universities. Reports addressed these concerns by including from 10 to 20 indicators that illustrated the performance of public campuses in priority areas. Critics complained, with some justification, that the indicators selected owed more to the availability of data than to the importance of their topics. However, the SHEEO survey indicated that over 80 percent of the reports required new data collection (Christal 1998).

The “report card” flavor of these documents tended to favor quantitative data over qualitative information. Statistics, tables, and graphs crammed the reports. Some of the reports ran several hundred pages, such as those from West Virginia and South Carolina. The size and complexity of most of the documents discouraged all but the most diligent and persistent reader, and few of them included easy-to-read summaries. By including so much information on so many items, the reports obscured the results in priority areas for states and students. The “big picture” of the overall performance of public colleges and universities got lost in the welter of details.

Most of the reports presented trends in institutional performance over time and sometimes showed comparisons with peer institutions of similar missions, both in and out of state. Some of them, such as those in

California and South Carolina, present only data by institutional types, such as research, comprehensive, and two-year campuses, rather than by individual colleges and universities. Most of the reports tried to preserve the diversity of institutional types by resisting comparisons among institutions with differing missions. Some programs set institutional targets for performance on each of the indicators. Several reports also allowed campuses to select a few indicators related to their specific missions. Despite these precautions, campus leaders feared that state officials and the popular media would make unfair comparisons and misuse the results by failing to recognize differences of institutional types and campus missions.

The reports, with their prescribed indicators, provoked opposition from educational leaders. Some academics saw the reporting of institutional results as an invasion of campus autonomy over educational matters. "An Essay on Accountability" from three leading academics offered an alternative response to external complaints. Graham, Lyman, and Trow (1996) acknowledged "that there are persistent pathologies in academic life, violations of its own norms and of society's reasonable expectations of colleges and universities" (p. 12). These scholars proposed candid but confidential self-studies that would help initiate internal reforms on campuses, coupled with process audits by academic experts to provide public evidence of quality control.

These authors conceded that their proposal required public trust: "...Where trust is low, the necessity for persuasion is high, since the internal evidence is not accepted outside as an adequate description of reality" (p. 17). The problem with their proposal was that external trust of the academic community was low and the need for public persuasion was high. For state colleges and universities, with their continuing dependence on taxpayer support, it was impossible to keep external and internal assessments distinct. Skeptical officials and a critical media seemed unlikely to accept assurances from process audits conducted by academics. They wanted credible evidence that institutional performance was worth the state investment and demanded public reports that documented results. These process audits failed the test of the "new accountability" of demonstrating results on priority objectives.

A persistent problem with regional and specialized accreditation of campuses and their programs was that it refused to issue public reports of the results of their reviews, other than the status of accreditation. A second fault was that campus administrators dominated the boards of accrediting agencies and wrote the accreditation reports. Evaluations performed by academic insiders appeared unlikely to convince external audiences. The movement for adopting academic audits of colleges and universities, such as those in Great Britain, had the credibility that came from published reports on results, but academics still wrote the evaluations (Trombley 1999).

An initiative of a group of national associations of higher education showed that some educational leaders sought to respond by improving the performance indicators and their supporting data, rather than resisting the irresistible trend toward accountability reports. The Joint-Committee on Accountability Reporting (1995) of the American Association of State Colleges and Universities, the National Association of State Universities and Land Grant Colleges, and the American Association of Community Colleges recommended a detailed program for performance reporting. The National Governors Association, The National Conference of State Legislatures, the Education Commission of the States, and the Association for Institutional Research encouraged and monitored this effort. A number of governing boards of university systems and individual campuses have endorsed this Joint-Committee Report.

Although these national organizations supported performance reporting, the state mandates stirred the ire of some faculty members. A psychology professor at Winthrop University and director of the South Carolina Higher Education Assessment Network dismissed the reports as costly make work. “We are in a financial crisis unique in our history, and every penny spent to answer this report card is at least a penny not spent working on things to improve us” (Mercer 1993). Others claimed that the reports reveal nothing about institutional quality. One faculty member made a comment that highlighted the narrow notion of quality that reigned on campus, which could hardly have been well received by lawmakers, students, and the general public. He wondered what the number of graduates working in jobs related to their academic majors had to do with educational quality (Mercer, 1993). A frequent criticism centered on the comparative nature of the reports. Campus leaders called it unfair to compare institutions with different missions, enrollments, and programs.

Although the spread of performance reports across the states is clear, their use by state and campus policy makers remains cloudy. Unfortunately, no study of their use has occurred. A 1993 analysis from the Southern Regional Education Board in twelve states concluded that no one has examined the impact of performance reporting in state capitols and on public campuses (Bogue et al. 1993). Grady Bogue, one of the authors, asked the pertinent question: "Are political and educational leaders using the extensive accountability reporting?" (p. 126). Although a project of the Higher Education Program at the Rockefeller Institute is now conducting such a study, none has yet been completed.

Anecdotal evidence suggests that state and campus policy makers all too often ignored the reports in their planning and policy-making. "We … put together a report which we thought would provide more useful information," said an officer of the New Mexico Commission on Higher Education. "So far, we've had the same reaction to the latest report that we had to the first two reports, which was silence…. The lack of response makes some people wonder what's the point of it all" (Mercer 1993). The hope for results from the performance reports rested on the logical, but apparently mistaken, assumption that merely reporting the results of higher education would improve performance. Undoubtedly, the lack of fiscal consequences helps to explain this neglect. Projects without budget impact get little attention in state capitols or on public campuses.

Some policy experts think that performance reporting may make a comeback. The National Center for Public Policy and Higher Education issued in November 2000 its first state-by-state Report Card on the performance of their higher education systems (2000). It grades states for the performance of their total system of higher education, public and private, and not the results of individual colleges and universities. The report card format garnered wide attention in the national and state media, which loves reports that grade enterprises into winners and losers. The Center sees the Report Cards as a policy tool for states. Its prospectus notes that potential students and their parents "can examine a wide range of institutional rankings and comparisons. But state leaders cannot now obtain meaningful comparative measures of their state's performance in higher education" (National Center for Public Policy 2000, p. 4). The Report grades the states against the best performers in the following areas: student preparation for college; participation or college going opportunities; affordability for students and their families; student persistence and degree completion; and educational gains and returns or the economic, civic, and social benefits for the state from a more highly educated population. A state's score on several quantitative indicators will determine its grade on each of the above categories. Significantly, it issued incomplete grades on student learning, because of the lack of valid and comparable data for all of the states.

This new spotlight on higher education is only likely to encourage the adoption of programs that link funding to results. Governments, including those of states, are reactive. They respond to media pressure. As Kingdon (1995) says, when the pressure of a problem forces a political issue, politicians look for a policy alternative that relieves the public pressure. The new pressure for performance by the State Report Cards on the results of higher education is likely to spur state interest in an accountability policy with the teeth of performance funding and budgeting for public colleges and universities.

Traditional Budgeting

State budgeting for public higher education resembles a family's attic. Everything is added but nothing is thrown away. Serban notes that budgeting objectives "evolved from adequacy in the 1950s, to distributive growth in the 1960s, to redistributive equity in the 1970s, to stability/quality in the 1980s, to stability/accountability/reform in the 1990s" (Burke and Serban 1998b, pp. 15-16). But Caruthers and Marks (1994) claim that that "each decade's new objective, to be served by the funding process, became an additional rather than a replacement purpose" (p. 1).

The funding process in traditional budgeting usually takes three basic forms: formula, incremental, and initiative funding. States used one or all of these forms for the budget stages of preparation, justification, and allocation. Although campuses, systems, and coordinating or governing agencies followed these forms for budget preparation and justification, available resources determined the actual allocations.

Formula budgeting considered complex ratios, such as enrollments by student levels and academic disciplines for calculating instructional budgets, the numbers of faculty lines and students for general staffing, and gross square feet of buildings for maintenance and operations. The calculations grew ever more complex in pursuit of adequacy and equity, the chief purposes of formula budgeting (McKeown 1996a). Incremental budgeting built base budgets on historical costs and then added additional moneys for enrollment growth, inflationary increases, and special initiatives, depending on the availability of state revenues. Although the two approaches appear different, in reality they reach much the same conclusion. Many states used formulas merely to set a base budget and then considered changes in enrollments and inflation. Layzell and Caruthers (1995) call the incremental budget "the traditional — and dominant — form of governmental budgeting…" (p. 2). The bottom line in state budgeting for public campuses usually reflects mostly current costs, student enrollments, and inflation.

The third budget approach, initiative funding, merely supplemented formula or incremental funding. It supported special projects that encouraged high-quality programs in instruction and research, through competitive or categorical grants, such as Virginia's Fund for Excellence and Ohio's Selective Excellence program (Hines 1998). Initiative funding provided up front money to encourage a campus activity based on future promises rather than achieved results (Burke and Serban 1998b). In addition, these initiatives stemmed more from campus desires than state priorities, since the programs supported generally followed the resource and reputation model of institutional excellence.

The budget problems of the early 1990s eliminated nearly all of these initiative programs. Although campus leaders favored and often instigate these policies, when faced with budget cuts, they opted for their first priority — protecting their base budgets (Folger and Jones 1993). Special initiatives usually rewarded only selected campuses, while base budgets benefited all colleges and universities. Spreading the wealth among institutions and protecting their budget bases wins support not only from most campus leaders but also from legislators, who usually have a public college or university in their districts.

Whatever the budget approach, enrollments really drove state funding for public colleges and universities. During the years of enrollment growth in all states, this type of budgeting brought increases, at least in times of rising state revenues. But by the 1980s, stable enrollments in some states no longer produced budget growth. In those states with burgeoning enrollments, limited resources made it difficult to fully fund enrollment increases.

McKeown (1996b) claims that the budget crisis in the early 1990s produced "major shifts … away from equity and adequacy … toward goals of accountability and efficiency" (p. 15). She predicted a paradigm shift in budgeting based on the new accountability.

> …Maintenance of the base may not be possible when the general public seems to no longer be a willing participant in its love affair with higher education…. Legislators have been calling for reform and accountability fueled by stories of how industries have been restructuring their budgets, rethinking their strategic plans, reorganizing, and reengineering the corporation to be more efficient and produce higher quality outputs. Cor-

> porate leaders, long-time supporters of higher education, have called on institutions to reinvent themselves, to rethink their missions (and return to teaching as the primary mission)…, just as industry has done. The movement to accountability and performance suggests that a watershed may have been reached in the way in which higher education is funded. Perhaps it is time for a new paradigm (pp. 30-31).

McKeown leaves no doubt that the new paradigm would spur the popularity of somehow linking state resources to campus results. Such an approach would meet the efforts of state policy makers to establish "accountability with teeth" by linking funding to performance (Ruppert 1998, 3). In many states, performance reporting seemed a rest stop on the road to performance funding and budgeting. If governors, legislators, or coordinating or governing boards had information on the performance of public colleges and universities on priority statewide indicators, it seemed logical to consider such results in state allocations. State officials may have seen this development as a simple step, but campus leaders considered it a momentous move.

Performance Funding: An Attractive Policy Alternative

By the early 1990s, the convergence of problems and politics made the linking of state resources to campus results an attractive policy alternative in state capitols as predicted by Kingdon's (1995) theory. The recession and the competition for funding by public schools, criminal justice, health care, and welfare had restricted the revenues available for higher education. Funding for performance also fit well with the popular movements of reinventing government and reengineering business. The drumbeat of criticism about performance and productivity, and costs and inefficiencies, had produced a negative reaction toward public higher education in state capitols. These resource and performance problems surfaced at the very moment when a conservative mood favoring cutting taxes and government spending spread throughout the states. Conservative Republicans captured many of the governorships and state legislatures on campaign pledges to cut spending for state programs. By the early 1990s, many of the new office holders considered public higher education as just another government program and educational leaders as one more interest group.

Following the Kingdon Theory, the now connected streams of problems and politics sent state leaders searching in the policy stream for a program that could satisfy their needs. They sought a policy that stressed improved performance, increased productivity, and contained costs. The policy had to conform to the new management mantra of centralized direction on the priority goals, objective measurement of performance results, and decentralized methods of goal achievement. Performance funding and budgeting seemed a ready-made policy for the problems and politics of the period. As a result, a program that Tennessee had launched in the 1970s, and states had largely neglected for two decades, became a popular policy in state capitols across the country. As a long-time legislator said:

> As long as I can remember, legislators financed higher education by poking money through a hole in the fence. Lately, they have started looking over the fence to see what was on the other side (Schmidt 1999).